

THE LAW OF THE CONCENTRATION OF PROPERTY

The latest contribution of Dr. Worms to the literature on economics¹ is both remarkable and pertinent. He is a conservative economist. He emphasizes strongly existing property rights and the individualistic régime. He will have nothing to do with socialistic levelings. Because of this conservatism his views have a greater right to be considered. In the first part of his work, reviewed in this *Journal*, September, 1901, Dr. Worms formulates the law of the concentration of property. Through the law of economic exchange and price formation there will, in the unrestrained individualistic economy, take place a continual concentration of wealth in two directions: (a) from the smaller possession of goods to the larger — and this will be the more intense as the concrete possession of goods is larger; (c) from the buyer of monopoly goods to the monopolist. The concentration of wealth in these two directions is a general economic phenomenon, an economic law; the *law of the concentration of property*.

The salient feature of the existing economy or *Wirtschaft* is the buying and selling of goods — exchanges. It is an institution of property rights manifesting itself in business. As long as the individual can take part in this process of exchanges — that is, to buy and sell, sell and buy — he is an efficient member of the *Wirtschaft*. But as Dr. Worms has pointed out, there is a natural or economic law underlying this institution that, when unrestricted, makes the struggle of those who have but little property against those who have more, an unequal one, and the tendency is for those who are comparatively poor to become poorer and poorer. In a general sense, the poor still are in the economic world, as long as they are able to buy and produce, but to be really identified with the economically efficient class, one must possess property. In this class *Wirtschaft* in the technical sense is found.

Where *Wirtschaft* in the technical sense exists provisions must have been made for the wants of the individual, not only for the time being, but also during a protracted period, in case his labor power should voluntarily or involuntarily stop for some time. In such case he would not lack what was

¹ *Das Gesetz der Güterconcentration in der individualistischen Rechts- und Wirtschaftsordnung*. By Dr. Stephen Worms. (Zweiter Halbband: Die Aufgaben der Socialpolitik gegenüber den Gruppen ohne Wirtschaft.) Jena: Gustav Fischer, 1903. 8vo, pp. viii + 239-483.

formerly necessary for his comfort. From this specific conception of *Wirtschaft* is derived the conception of the *Wirtschaftslosen*, in the technical sense, which includes those who have a *Wirtschaft* in a general sense, and thus have not only an expense account, but also earnings; but no *Wirtschaft* in the technical sense. (Pp. 248, 249.)

In the socio-economic body these two classes, the *Wirtschaftliche* and the *Wirtschaftslose*, correspond to the propertied or business class, and the laborers. The distinction between the two is that the former is engaged in the exchanges of goods for goods, while the latter has no other commodity to sell than his labor power. Dr. Worms states:

By the propertyless (*Wirtschaftslosen*) we mean all productive individuals who through the influence of the law of the concentration of goods are able only by the exchange of their labor power for material goods to satisfy their most pressing present needs and those of the nearest future that have the highest intensity; but who are not able to make provisions for their needs in a coming period. (P. 249.)

To Dr. Worms it appears that it is a logical necessity to find a remedy for or a force to counteract this law of concentration and to restore to power those economically dependent. He seeks this remedy in *Socialpolitik* — a term which, with many apologies, we will translate with “sociology.”

Sociology, in the economic sense of the term, is that economico-political tendency which endeavors to limit the concentration of wealth, in so far as this, on the one hand, endangers and annihilates the economic existence of those having less wealth, and, on the other hand, makes it impossible for those that have already lost their economic position again to attain one. (P. 239.)

This tendency is, of course, a conscious one.

The propertyless are divided into three groups: those who cannot work; those who can work, but are out of employment; those who work, but do not receive a sufficient income to tide them over periods of sickness, loss of work, and old age.

We will pass the chapter dealing with those unable to work. For the idle laborers, the second group of the propertyless, the question is how to find work. The solution of this problem should be facilitated by the establishment of national employment bureaus or labor exchanges. The author devotes eighty pages to the discussion of this question, and for comprehensiveness and completeness it leaves little to be desired. Evidently this phase of the question appears very important to the author. In America there was at one time a great

popular demand for free labor exchanges—state or national—and many of them still exist. But it does not appear that they have been very useful. Skilled labor has its own means of spreading intelligence. The long distances in America make it difficult for unskilled labor to take advantage of the temporary openings that may be found in various parts of the country. The system of free transportation that Dr. Worms outlines can hardly be adopted in a country where the railroads are owned by private interests. The possibilities for such reforms as the author suggests are no doubt greater in a European country than in America. But even in Germany there is in operation in one large field of employment—the industrial—a process that will largely decrease the demand for skilled labor. The problem of adjusting the demand for skilled labor to the supply, as well as of using cheaper labor, is everywhere compelling the employer to adapt machinery to technically untrained but intelligent labor. When the requirement of labor is not so much technical skill as general proficiency, it can turn with greater ease from one occupation to another, and its field of employment grows larger.

However well the information of the demand and supply of labor is distributed and the means of adjustment given, there is liable to be found a surplus of the unemployed. To these it is the duty of the government to give work. The reduction of the hours of labor will not cause the absorption of these in industry, because the intensity of the work will increase as the duration decreases. For this statement the author finds ample proof.

The most striking part of Dr. Worms's discussion is his treatment of the third group of the propertyless, the laborers with employment. These are the *Wirtschaftslose* in the true sense. They have some economic power—they can buy and produce. Their labor power will enable them to secure the satisfaction of their present needs, but not a sufficient income to provide for their whole life. To attain economic self-sufficiency, the individual "must be able to make provision, not only for the satisfaction of his own needs, but for those of every member of his economic unit" (the family), and that also until those dependent on him are able to carry their own economic burdens; that is, until the economic generation is completed. It is the failure of the laboring class as a whole to do this—a failure due to inexorable economic law—that compels the interference of the state, guided by the principles of *socialpolitik*. These principles the author proceeds to lay down, and we are indebted to him for the careful reasons.

ing upon which he bases them. The methods of supplementary support that have already been tried—insurance against accidents and sickness, old-age pensions—are considered historically and analytically, and the distribution of their burdens discussed. The novelty of his method of treatment will excuse a summary of his position.

In the first volume of his work he differed from the English school of economists in making distribution or exchange the key to the science, instead of production. In this he approaches more closely the point of view of modern business. As a result of the operation of the law of the concentration of property, Dr. Worms finds that the laboring class cannot enter into the normal economic or, we should say, business activity; it has fallen below the *Wirtschaft*.

What this class cannot attain in complete self-support, enlightened society must supplement in some form or other. This supplementary income is not poor-relief or charity.

Neither the true sociological standard nor other forms of supplementary support must be considered as poor-relief, . . . it is a socio-economic compensation for their [*der Wirtschaftslosen*] participation in production for which the individualistic-economic wage has not been sufficient to make possible an economy of their own. (P. 411.)

The private employer is not held responsible for this failure, it is due to underlying economic law.

That Dr. Worms should have come to this conclusion about the duty of sociology may be in part due to the close proximity of the German and Austrian laboring classes to the “iron law of wages.” They are too close to it to possess the intelligence and working capacity that higher standards have given the working classes of other countries. As an offset to natural economic law, there presents itself to the well-ordered German mind the effectiveness of government. But will the government follow the advice of sociology and tax the propertied classes a part of the value that economic law has given them, in order to supplement the deficiency in the income of the laborers? The modern historical method of looking upon government as closely allied to the dominant classes in society will prevent a strong trust in the ability of government to wrest from the powerful business classes the gains that economic law has given and state law confirmed.

This matter of the probability of political reform may not be a valid cause for criticism of the book. But it suggests one. In his

whole discussion of the improvement of the economic conditions of the laborers Dr. Worms has never mentioned any movement that has originated with the laboring class itself. If the evils of economic law must be overcome by conscious effort, why should not such effort originate within the class afflicted by the evil? The efforts of trades unions to raise wages and improve the conditions of work — efforts which in most countries have proved quite effective as far as skilled labor is concerned — have not been mentioned. It may be that the symmetry of the work as a whole relegates its discussion to a later time. But it would have contributed a sense of confidence that there exist in society dynamics for social reform. Dr. Worms makes reforms so desirable that one likes to see the springs start to move it.

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